(ii) such supply of water shall be ,and shall be deemed to have been, granted, subject to all such conditions as to the limit or stoppage thereof, and as to the prevention of waste or misuse, as are prescribed in the bye-laws for the time being in force.

(2) Where a corporation has imposed a tax on vehicles or animals used for riding, draught or burden and kept for such use within the city it may be compounded with the keeper of any livery-stable or of horses or vehicles kept for sale and hire for the payment of a lumpsum for any period not exceedingone year at a time, in lieu of any amount which such keeper would otherwise have been liable to pay on account of the tax imposed as aforesaid.

(3) The operation may compound for a period not exceeding one year at a time, with any person for a sum to be fixed in accordance with a scale approved by the corporation and to be paid monthly, quarterly, or half yearly, in advance in lieu of all tolls payable in respect of any vehicle belonging to such person and issue a pass for the free admittance of the vehicle or animal within the limits of the city, provided that the sum charged shall not be less than one-half of the amount which such person would have been liable to pay if the vehicle had to pay toll once every day during the period for which the pass is issued.

(4) Every sum claimed by a corporation due under sub-section (1) as charges, payments or expenses, or as lumpsum under sub-section (2), shall for the purposes of Chapter X be deemed to be, and shall be recoverable in the same manner as an amount claimed on account of a tax recoverable under the said Chapter:

Provided that nothing in this section shall affect the right or power of a corporation to contract with any person to supply for use beyond the limits of the city at such rates and on such conditions as the corporation may think fit, any quantity of water belonging to the corporation but not required for the purposes of this Act.

155. Power of Government to suspend or prohibit levy of objectionable taxes.—(1) If it shall at any time appear to the Government on complaint made or otherwise, that any tax or fee leviable by a corporation, is unfair in its incidence, or that the levy thereof, or of any part thereof, is obnoxius to the interests of the general public, the Government may require the said corporation, within such period as it shall fix in this behalf to take measures for removing any objection which appears to it exist to the said tax or fee, and if within the period so fixed, such requirements shall not be carried into effect to the satisfaction of the Government, it may, by notification suspend the levy of such tax or of such part thereof, until such time as the objection thereto shall be removed.

(2) The Governmeent may at any time, by a notification rescind any such suspension.

156. Power of Government to require corporation to impose taxes.—Whenever it appears to the Government that the balance of the corporation fund of any corporation is insufficient for meeting the expenditure incurred under section 307 or for the performance of any duties in respect of which it shall have been declared under section 104 to have committed default, the Government may by notification require the corporation to impose within the city, any such tax specified in the notification as may be imposed under section 110 if no such tax is for the time being imposed thereon, or to enhance any existing tax in such manner or to such extent as the Government considers fit, and the corporation shall forthwith proceed to impose or enhance in accordance with the requisition such tax under the provisions of this Chapter, as if a resolution of the corporation had been passed for the purpose under section 111:

Provided that—

(a) the Government shall take into consideration any objection which the corporation or any inhabitant of

the city may make against the imposition or enhancement of such tax.

(b) it shall not be lawful for the corporation to abandon or modify or to abolish such tax when imposed, and

(c) the Government may at any time cancel or modify any requisition made by it under this section, and the levy of the tax or enhancement, except in regard to arrears accrued and due, shall thereupon cease or be modified accordingly.

157. Rules in Schedule III.—The rules and tables embodied in Schedule III shall be read as part of this Chapter.

CHAPTER XI

FINANCE, ACCOUNTS AND AUDIT

158. Corporation funds.—All moneys received by or on behalf of the corporation by or under this Act or any other law, all taxes, tolls and other imposts, fines, fees, penalties paid to or levied by it under this Act; all proceeds of land or other property sold by the corporation; and all rents accuring from its land or property and all interests, profits and other moneys accruing by gifts or transfers from the Government or private individuals or otherwise shall constitute the corporation fund and shall be held, applied and disposed of in accordance with the provisions of this Act, the rules and the regulations made thereunder or of any other law for the time being in force.

159. Accounts and Audit.—(1) The accounts of all receipt and expenditure of the corporation shall be kept in such manner and in such form as may be specified in the financial rules in Schedule X and the regulations framed for the purpose.

(2) The Government shall appoint an officer of the Government who shall be the Corporation Chief Auditor whose duty is to conduct an audit of the corporation accounts and for this purpose, he shall have access to the corporation accounts and to all receipts and expenditure relating thereto and the commissioner shall furnish to the Corporation Chief Auditor any explanation concerning any receipt or expenditure which may be called for by him; and

(i) it shall be the duty of the Corporation Chief Auditor to report to such muncipal authority or Government, as the case may be as laid down in the rules in Schedule X any material impropriety or irregularity which he may at any time observe in the expenditure or in the

recovery of moneys due to the corporation or in the corporation accounts;

(ii) he shall furnish information or report concerning the progress of audit to such muncipal authority or Government in respect of such matter as may be laid down in the rules;

(iii) he shall be paid such salary and allowances as the Government may determine and he shall be entitled to privileges in accordance with the rules and regulations of the branch of Government service to which he belongs and in force for the time being and the corporation shall make such contribution towards his leave, allowances, pension and provident fund as may payable under such rules and regulations by him or on his behalf from the corporation fund.

(3) Save as otherwise provided in this section, the provision contained in Schedule X shall be applicable in respect of matters relating to accounts and audit of the corporation funds.

160. Financial rules.—Save as otherwise provided in this Act, the provisions of the financial rules in Schedule X shall apply in respect of matters provided for therein and shall be read as part of this Chapter.

161. Contribution for supply of water to the inhabtants of the City of Bangalore.—Notwithstanding anything contained in this Act, the corporation of the City of Bangalore shall make such contribution to the Bangalore Water Supply and Sewarage Board for supply of water for the bene fit of such class of inhabitants of the City of Bangalore in accordance with such arrangements as the said corporation has entered into with the said Board before the commencement of this Act.

162. Contribution to expenditure by other local authorities—(1) If the expenditure incurred by the Govern-

ment or by any local authority for any purpose authorised by or under Schedule X is such as to benefit the inhabitants of the city, the corporation may make a contribution towards such expenditure.

(2) The Government may direct the corporation to show cause, within a period fixed by the Government in this behalf and not being less than one month after receipt of the order containing the direction, why any contribution described in sub-section (1) should not be made.

(3) If the coporation fails to show cause within the said period to the satisfaction of the Government, the Government may direct it to make such contribution as it shall name and it shall be paid accordingly.

163. Power of corporation to borrow money.—(1) The corporation may, in pursuance of any resolution passed at a special meeting, borrow by way of debenture or otherwise on the security of all or any of the taxes, duties, fees and dues authorized by or under this Act, any sums of money which may be required,—

(a) for the construction of works,

(b) for the acquisition of lands and buildings, or

(c) to pay off any debt due to the Government, or

(d) to repay a loan previously raised under this Act or any other law previously in force:

Provided that,—

(i) no loan shall be raised without the previous sanction of the Government, and

(ii) the amount of the loan, the rate of interest and the terms including the date of floating, the time and method of repayment and the like shall be subject to the approval of the Government.

(2) When any sum of money has been borrowed under sub-section (1)—

(a) no portion thereof shall without the previous sanction of the Government be applied to any purpose, other than that for which it was borrowed, and

(b) no portion of any sum of money borrowed under clause (a) of sub-section (1) shall be applied to the payment of salaries or allowances to any corporation officers or servants than those exclusively employed upon the works for the construction of which the money was borrowed.

164. Time for repayment of money borrowed under section 163.—The time for the repayment of any money borrowed under section 163 shall in no case exceed sixty years, and the time for the repayment of any money borrowed for the purpose of discharging any previous loan shall not, except with the express sanction of he Government, extend beyond the unexpired portion of the period for whch such previous loan was sanctioned.

165. Limit of borrowing powers.—Notwithstanding anything hereinafter contained, the borrowing powers of the corporation shall be limited so that the sum payable annually for interest and for the maintenance of the sinking funds as hereinafter provided, and for interest and repayment of any sums borrowed otherwise shall not, except with the express sanction of the Government, exceed ten per cent of the rateable value of buildings and lands as determined under Chapter X.

166. Form and effect of debentures.—All debentures issued under this chapter shall be in such form as the corporation, with the previous sannction of the Government, may determine, and shall be transferable in such manner as shall be therein expressed ; and the right to sue in respect

of the moneys secured by any of such debentures shall vest in the holders thereof for the time being without any preference by reason of some such debentures being prior in date to others.

167. Payment to survivors of joint payees.—When any debenture or security issued under this Act is payable to two or more persons jointly, and either or any of them dies, then, notwithstanding anything in section 45 of the Indian Contract Act, 1872 (Central Act IX of 1872) the debenture or security shall be payable to the survivor or survivors of such persons:

Provided that nothing in this section shall affect any claim by the representative of a deceased person against such survivor or survivors.

168. Receipt by joint holder for interest or dividend.—When two or more persons are joint holders of any debenture or security issued under this Act, any one of such persons may give an effectual receipt for any interest or dividend payable in respect of such debenture or security, unless notice to the contrary has been given to the corporation by any other of such persons.

169. Maintenance and investment of sinking funds.—(1) The corporation shall maintain sinking funds for the repayment of money borrowed on debentures issued and shall pay by quarterly instalments into such sinking funds such sum as will be sufficient for the repayment within the period fixed for the loan of all moneys borrowed on debentures issued.

(2) All moneys paid into the sinking funds shall, as soon as possible, be invested by the commissioner in.—

(a) securities of the Government or the Government of India, or

(b) securities guaranteed by the Government and shall be invested in the joint names of the

Financial Commissioner and Secretary to Government, Finance Department and the Controller, State Finance Accounts Department, to be held by them as trustees for the purpose of repaying at due date the debentures issued by the corporation. Every such investment shall be reported by the commissioner to the corporation within fifteen days.

(3) All dividends and other sums received in respect of any such investment shall, as soon as possible after receipt, be paid into the sinking funds and invested in the manner laid down in sub-section (2).

(4) When any part of a sinking fund is invested in corporation debentures, or is applied in paying off any part of a loan before the period fixed for repayment, the interest which would otherwise have been payable on such debentures or on such part of the loan shall be paid into the sinking fund and invested in the manner laid down in sub-section (2).

(5) Any investment made under this section may, subject to the provisions of sub-section (2), be varied or transposed.

170. Application of sinking fund.—The aforesaid trustees may apply a sinking fund or any part thereof, in or towards the discharge of the loan or part of a loan for which such fund was created, and until such loan or part is wholly discharged shall not apply the same for any other purpose:

Provided that when any loan or parts thereof have been consolidated under section 172, the trustees shall transfer to the sinking fund of the consolidated loan so created such part of the sinking funds of the original loans as may be proportionate to the amount of the original loans incorporated in the consolidated loan.

171. Annual statement by trustees.—(1)The aforesaid trustees shall, at the end of every year, sumbit to the corporation a statement showing,—

(a) the amount which has been invested during the year under section 169;

(b) the date of the last investment made previous to the submission of the statement;

(c) the aggregate amount of the securities then in their hands; and

(d) the aggregate amount which has up to the date of the statement been applied under section 170 in or towards discharging loans.

(2) Every such statement shall be laid before the corporation and published.

172. Power of corporation to consolidate loans.—(1) Notwithstanding anything to the contrary contained in this chapter, the corporation may consolidate all or any of its loans and for that purpose may invite tenders for a new loan (to be called the "Corporation Consolidated Loan 19..") and invite the holders of corporation debentures to exchange their debentures for scrip of such loan.

(2) The terms of any such consolidated loan and the form of its scrip and the rates at which exchange into such consolidated loan shall be permitted shall be subject to the prior approval of the Government.

(3) The period for the extinction of any such consolidated loan shall not, without sanction of the Government, extend beyond the farthest date within which any of the loans to be consolidated would be otherwise repayable.

(4) The corporation shall provide for the repayment of any such consolidated loan by a sinking fund in the manner laid down in section 169 having regard to the amount transferred to such sinking fund under section 170.